

Financial Status Report

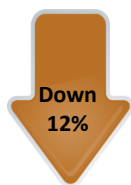
Prepared by the Finance Department



August 31, 2014

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through August 31, 2014. It compares revenues and expenditures for the first two months of Fiscal Year 2014-15 and Fiscal Year 2013-14. In addition, the financial status of the Water and Wastewater Enterprises are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting Principles (GAAP).

General Fund Revenues



Property Taxes (\$1.3 million) – The majority of property tax revenue is collected in December and April each year. According to the County of San Diego Assessor's Office, assessed values in Carlsbad have increased by 8.4 percent for Fiscal Year 2014-15. This is the second year in a row that Carlsbad's assessed values have increased from year to year, and the second highest percentage increase of any city in San Diego County for the year.

This reflects continued improvement in the housing market and new construction. The increase in this year's assessed values was due to an increase in residential and commercial properties; industrial property values actually decreased for the year.

The primary reasons that property taxes for the first two months of the new fiscal year have decreased by 12 percent as compared to the prior fiscal year are:

- Current taxes are down by \$44,000 or 8.5 percent, due to timing differences.
- Aircraft taxes are down by \$150,000 or 16.8 percent, due to timing differences.
- Supplemental taxes are up by \$12,000 due to an increase in property resale whereby the sales price of the property exceeded the previous assessed value (a sign of a recovering housing/commercial market).
- Payments for previous years' taxes are down by \$5,000 due to a decrease in collections on past due tax bills.



Sales Taxes (\$3.7 million) – For the first two months of the new fiscal year, sales tax revenues are \$71,000 (or 2 percent) higher than the same time period in the previous fiscal year. Sales tax revenues for the year represent the second and third advances of the city's second calendar quarter of 2014 sales tax revenues. Advances are based on prior year activity adjusted by either a positive or negative growth factor, and are not a true indicator of the current economy. The State Board of Equalization (SBOE) applied a positive 3.8 percent growth factor to the monthly advances for the second calendar quarter of 2014.

For sales occurring in the first calendar quarter of 2014 (the most recent data available), key gains could be seen in new auto sales, miscellaneous retail, building materials - retail, and restaurants. During the same period, key declines could be seen in apparel stores, department stores and electronic equipment. Excluding one-time payments received as the result of audit findings, payments for previous quarters, etc., actual sales tax transactions were up 4.9 percent for sales occurring in the 12 months ended March 31, 2014 over the same 12-month period last year.

The largest economic segments in the city continue to be new auto sales, restaurants, apparel stores, department stores and miscellaneous retail. Together, they generate 67 percent of the city's sales tax revenues.



Transient Occupancy Tax (\$4.4 million) – Transient Occupancy Taxes (TOT) for the first two months of the fiscal year reflect an increase of \$433,000, 11 percent more than the previous year. The city's four largest hotels accounted for 31 percent of the increase. Higher occupancy and room rates throughout most of the city's other hotels also contributed to the variance. Additionally, a 120-room property was closed for renovations last year at this time and reopened in September 2013. Year-to-date TOT figures represent taxes collected on hotel receipts through the month of July 2014.

Currently, there are 4,061 hotel rooms and 1,058 vacation rentals (timeshares) in the city. The average occupancy of hotel rooms over the most recent 12 months has been 67 percent, 4 percentage points above last year's average.



Recreation Fees (\$1.1 million) – Recreation fees are generated through instructional classes, camps, youth and adult sports, the triathlon, special events, parent participation preschool, senior programs, various aquatic programs, and lagoon permits. The revenue increase is attributable primarily to the Alga Norte Community Park and Aquatic Center which continues to exceed revenue expectations due to the increase in all program offerings as compared to the Monroe Street Pool. Also, an exceptionally warm summer has contributed to higher attendance.



Development Related Revenues (\$783,000) – Development related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a significant increase for the first two months of the new fiscal year.

Development related fees are paid by developers to cover the cost of reviewing and monitoring development activities, such as plan checks and inspections. Engineering plan check fees are one of the first fees paid during the initial stages of development. Some of the activity in August included the Daybreak Community Church, the Quarry Creek master planned community, an expansion of the Robertson Ranch master planned community, and the Valley 17 residential development.

Another source of development related revenue is building permits, which are up 60 percent compared to last fiscal year. The increase in building permit revenue is derived from the combination of an increase in the valuation of new construction combined with increases in residential permitting activity to date. The year-to-date valuation of new construction in the current fiscal year is just under \$39.5 million, while it was just over \$20.6 million in the previous fiscal year, a 91.4 percent increase. The pace of construction remained steady in the month of August as builders pulled permits for 27 homes. In the northwest quadrant, building permits were issued for four single-family homes. In the northeast quadrant, 12 homes will be constructed as part of the "Palo Verde" neighborhood in Robertson Ranch. In the southeast quadrant, four permits were issued for single-family homes as part of the "Montecina" neighborhood in La Costa Residential. Lastly, in the southwest quadrant, seven homes will be constructed as part of the "Carlsbad 16" project. For the current fiscal year, 61 residential permits have been issued, as compared to 34 permits issued during the same period last year.

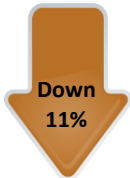
In August, the city permitted 4,227 square feet of commercial space. A permit was issued to expand the Hoehn Buick showroom in Car Country Carlsbad. Year-to-date, there have been 23,476 square feet of commercial/industrial permits issued, as compared to 32,944 square feet of commercial/industrial permits issued during the same period last year.



Franchise Taxes (\$732,000) – Franchise taxes are generated from public utility sources such as San Diego Gas & Electric (SDG&E), trash collection franchises, fiber optic antenna systems and cable franchises conducting business within city limits. Year-to-date franchise taxes are up \$34,000 over the same period last year. Cable television franchise revenues (Time Warner and AT&T) are up by \$10,000. An increase in trash collection

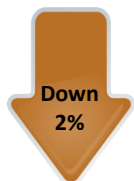
revenue from the combination of an average 5 percent rate increase and more commercial accounts coming online from additional development in the city, led to a \$9,000 increase in trash franchise revenues. A timing difference in the receipt of the quarterly fiber optic antenna system franchise payment has created a positive \$15,000 variance in the current fiscal year.

Approximately 37 percent of the total franchise fee revenue anticipated for the year will be collected from SDG&E during the month of April 2015.



Business License Tax (\$644,000) – Business license revenues are down \$78,000 compared to the same time period in Fiscal Year 2013-14. This is due to timing differences. Several of the city's larger companies paid for their licenses in July and August last year and have not yet paid for this year's licenses. Additionally, one of the city's larger businesses has relocated to Arizona

There are currently 9,377 licensed businesses operating within the city, 203 more than the prior year. The majority of taxed businesses (6,447 businesses) are located in Carlsbad, with 2,465 of these businesses home-based.



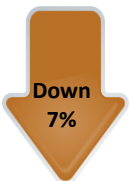
Interdepartmental Charges (\$584,000) – Interdepartmental charges are \$13,000, or 2 percent lower than last year. These charges are generated through engineering services charged to capital projects (down 13.2 percent, or \$13,000, due to a reduction in staff time being charged to capital projects), and miscellaneous interdepartmental expenses charged to funds outside the General Fund for services performed by departments within the General Fund (flat).



Income from Investments and Property (\$576,000) – For the year, income from investments and property is up \$190,000 compared to the previous fiscal year.

Interest income is up \$93,000 for the year, due to the net effect of an 11.6 percent increase in the average daily cash balance combined with a 3.4 percent increase in the average yield on the portfolio for the year (an increase in the yield from 1.017 percent last fiscal year to 1.052 percent in the current fiscal year). In addition, since the General Capital Construction (GCC) Fund is funded entirely with General Fund money, the city has decided to record the interest earnings associated with the GCC cash in the General Fund. This has increased the interest income in the General Fund by \$75,000 through August 2014.

Income from property rentals is up by \$97,000 for the year, primarily due to an increase in recreation site facility rentals (the various park sites as well as Monroe Pool). Another major factor in the increase in facility rentals is the recent opening of Alga Norte Community Park, which has a large aquatic center available for rent (pool lanes, facilities and park space).



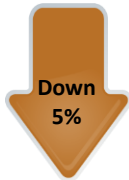
Ambulance Fees (\$374,000) – The city bills any individual who is transported in one of the city's ambulances. Through August 2014, receipts from ambulance fees are down 7 percent, or \$29,000, lower than last fiscal year at this time. The main difference for the revenue decrease is an increase in the amount of Medicare and Medi-Cal transports over the previous year (these accounts are billed at a much lower rate than general insurance). The number of billable transported patients in the first two months of Fiscal Year 2014-15 (698) versus Fiscal Year 2013-14 (663) has increased modestly.



Other Licenses and Permits (\$244,000) – Other licenses and permits consist of plumbing, electrical, mechanical, right-of-way, grading, conditional land use, lagoon, and other miscellaneous permit revenues. These permits usually increase/decrease along with increases/decreases in development activity



Other Revenue Sources (\$151,000) – Other revenue sources have increased by \$25,000 and include revenues received by the city to offset the costs of special studies or projects for developers; reimbursements for damage done to city streets, right-of-ways, and other city-owned property; donations; reimbursement from the Gas Tax Fund for traffic signal maintenance; miscellaneous reimbursed expenses and refunds of prior year fees. Contributions received from a developer for a study on their project and a decrease in prior year refunds account for the higher revenues to date.



Fines and Forfeitures (\$133,000) – Fines and forfeitures represent fees collected for code violations, parking citations, overdue fines, and returned checks. The city recognizes revenues when the citizen pays the fine or forfeiture, as opposed to when the fine is imposed. Small decreases in parking citations and overdue fines during the first two months of the new fiscal year have created the small variance to date.



Other Charges or Fees (\$93,000) – Other charges and fees are generated through the sale of city documents, such as agenda bills, blueprints and copies; general fees collected for false alarms, easements and agreements, weed abatement and kiosk signs; audio/visual rental fees; and general services, such as mutual aid response, mall police services, emergency response services, reports, etc. An increase in false alarm billings and fire inspection fees during the first portion of the new fiscal year have led to this positive variance.



Other Intergovernmental Revenues (\$51,000) – Other intergovernmental revenues include miscellaneous receipts received from the state or federal governments, as well as local school districts. Included in the \$51,000 received this year are a task force reimbursement from the County of San Diego, Police Officer Standard Training (POST) reimbursements, and mandated cost reimbursements from the State of California.

Expenditures

Total General Fund expenditures and encumbrances through the month of August 2014 are \$37.3 million, compared to \$35.6 million at the same time last year. This leaves \$109.2 million, or 74.5 percent, available through the fiscal year ending June 30, 2015. If funds were spent in the same proportion as the previous year, the General Fund would have 71.8 percent available. Excluding the transfers out, contingencies, and non-departmental charges, the percentage available at August 31, 2014 is 77.4 percent, slightly less than the 80.8 percent available at August 31, 2013. Through August 31, 2014 there was one additional payroll (timing difference) compared to the previous fiscal year at this time, creating the difference.

The adopted General Fund budget for Fiscal Year 2014-15 increased by \$4.9 million due to the following factors:

- Increased personnel costs:
 - \$2.5 million in additional salary costs associated with previously negotiated wage increases as well as the addition of staff to operate and maintain the newest park facility, Alga Norte Community Park and two additional full-time employees
 - \$1.3 million in additional retirement costs due to PERS rate increases and higher salaries
- Increased maintenance and operations costs:
 - \$600,000 general inflationary adjustments
 - \$760,000 expenditure enhancements (Higher Education Goal, contractual increases, Digital Records Management, recruitment services, etc.)
 - \$600,000 for rising utility costs
 - \$2.4 million for “out-of-block” increases (internal service fund charges, election expenses, ambulance collection fees, bank fees, animal control, weed abatement, plan check services, recreation class instructors, land management and street lighting costs)
- Decreased operating transfers out of the General Fund:
 - a one-time \$2 million transfer to the city’s Self Insured Benefits Fund to assist with anticipated future pension rate increases that was made in the previous fiscal year
 - a reduction of \$1.5 million to the city’s General Capital Construction Fund to pay for seven new Village and Barrio revitalization projects that was made in previous fiscal year

The City Council has allocated \$1.5 million out of the General Fund budget for unanticipated emergencies or unforeseen program needs. As of August 31, 2014, \$8,998 has been authorized out of the contingency account, as shown in the chart below.

CONTINGENCY ACCOUNT USE OF FUNDS			
EXPLANATION	AMOUNT	DATE	RESOLUTION NUMBER
ADOPTED BUDGET	\$1,500,000		
USES:			
Special Events Grant for the Swami Athletic Association's Carlsbad Grand Prix	(6,998)	07/08/2014	2014-165
Winning Teams Grant for the Carlsbad Softball Association's Dirty Dozen Team	<u>(2,000)</u>	08/14/2014	City Manager
TOTAL USES	<u>(8,998)</u>		
AVAILABLE BALANCE	<u><u>\$1,491,002</u></u>		

Detailed schedules of General Fund revenues and expenditures are provided on the following pages.

GENERAL FUND REVENUE COMPARISON					
	EXPECTED BUDGET AS OF 08/31/14	ACTUAL FY 2013 AS OF 08/31/13	ACTUAL FY 2014 AS OF 08/31/14	CHANGE FROM YTD 2014 TO YTD 2015	PERCENT CHANGE
TAXES					
PROPERTY TAX	\$1,590,221	\$1,507,942	\$1,320,616	(\$187,326)	-12%
SALES TAX	3,632,988	3,606,258	3,676,958	70,700	2%
TRANSIENT OCCUPANCY TAX	3,770,057	4,004,354	4,437,039	432,685	11%
FRANCHISE TAX	712,395	697,452	731,503	34,051	5%
BUSINESS LICENSE TAX	660,840	721,927	644,281	(77,646)	-11%
TRANSFER TAX	0	0	0	0	0%
TOTAL TAXES	10,366,501	10,537,933	10,810,397	272,464	3%
INTERGOVERNMENTAL					
VEHICLE LICENSE FEES	0	0	0	0	0%
HOMEOWNERS EXEMPTIONS	0	0	0	0	0%
OTHER	36,511	39,927	51,409	11,482	29%
TOTAL INTERGOVERNMENTAL	36,511	39,927	51,409	11,482	29%
LICENSES AND PERMITS					
BUILDING PERMITS	125,152	125,844	201,703	75,859	60%
OTHER LICENSES & PERMITS	138,506	207,895	243,886	35,991	17%
TOTAL LICENSES & PERMITS	263,658	333,739	445,589	111,850	34%
CHARGES FOR SERVICES					
PLANNING FEES	18,011	50,172	105,178	55,006	110%
BUILDING DEPARTMENT FEES	97,222	126,527	119,834	(6,693)	-5%
ENGINEERING FEES	60,503	92,851	356,445	263,594	284%
AMBULANCE FEES	399,927	402,411	373,640	(28,771)	-7%
RECREATION FEES	881,911	690,807	1,128,666	437,859	63%
OTHER CHARGES OR FEES	63,495	74,211	92,612	18,401	25%
TOTAL CHARGES FOR SERVICES	1,521,071	1,436,979	2,176,375	739,396	51%
FINES AND FORFEITURES	127,164	139,841	132,650	(7,191)	-5%
INCOME FROM INVESTMENTS & PROPERTY	332,056	385,925	575,515	189,590	49%
INTERDEPARTMENTAL CHARGES	622,585	597,252	584,313	(12,939)	-2%
OTHER REVENUE SOURCES	112,398	126,234	151,293	25,059	20%
TRANSFERS IN	0	0	10,000	10,000	100%
TOTAL GENERAL FUND	\$13,381,943	13,597,830	\$14,937,541	\$1,339,711	10%

(1)

(1) Calculated General Fund revenues are 11.6% above estimates as of August 31, 2014.

GENERAL FUND EXPENDITURE STATUS BY DEPARTMENT				
DEPT DESCRIPTION	TOTAL BUDGET FY 2014-15	AS OF 08/31/14		
		AMOUNT COMMITTED (b)	AVAILABLE BALANCE	% AVAILABLE (c)
POLICY/LEADERSHIP GROUP				
CITY COUNCIL	\$372,933	\$59,478	\$313,455	84.1%
CITY MANAGER	2,018,967	440,798	1,578,169	78.2%
COMMUNITY OUTREACH AND ENGAGEMENT	1,429,024	474,417	954,607	66.8%
CITY CLERK	557,244	102,630	454,614	81.6%
CITY ATTORNEY	1,373,159	220,151	1,153,008	84.0%
CITY TREASURER	200,226	37,441	162,785	81.3%
TOTAL POLICY/LEADERSHIP	5,951,553	1,334,915	4,616,638	77.6%
ADMINISTRATIVE SERVICES				
FINANCE	4,418,289	1,221,794	3,196,495	72.3%
HUMAN RESOURCES	3,152,760	860,748	2,292,012	72.7%
RECORDS MANAGEMENT	302,342	43,743	258,599	85.5%
TOTAL INTERNAL SERVICES	7,873,391	2,126,285	5,747,106	73.0%
PUBLIC SAFETY				
POLICE	29,182,998	5,516,555	23,666,443	81.1%
FIRE	18,963,734	4,039,854	14,923,880	78.7%
TOTAL PUBLIC SAFETY	48,146,732	9,556,409	38,590,323	80.2%
COMMUNITY DEVELOPMENT				
COMMUNITY AND ECONOMIC DEVELOPMENT	9,314,356	2,180,659	7,133,697	76.6%
HOUSING AND NEIGHBORHOOD SERVICES	752,755	127,438	625,317	83.1%
TOTAL COMMUNITY DEVELOPMENT	10,067,111	2,308,097	7,759,014	77.1%
COMMUNITY SERVICES				
PARKS AND RECREATION	15,795,620	3,807,714	11,987,906	75.9%
LIBRARY AND ARTS	11,321,986	1,818,631	9,503,355	83.9%
TOTAL COMMUNITY SERVICES	27,117,606	5,626,345	21,491,261	79.3%
PUBLIC WORKS				
PROPERTY AND ENVIRONMENTAL MANAGEMENT	7,408,681	2,707,832	4,700,849	63.5%
TRANSPORTATION	10,813,954	2,938,127	7,875,827	72.8%
STORM DRAIN ENGINEERING	278,334	44,377	233,957	84.1%
TOTAL PUBLIC WORKS	18,500,969	5,690,336	12,810,633	69.2%
NON-DEPARTMENTAL & CONTINGENCY				
OTHER NON-DEPARTMENTAL (a)	17,232,589	598,420	16,634,169	96.5%
TRANSFERS OUT	10,124,202	10,104,574	19,628	0.2%
CONTINGENCY	1,491,002	0	1,491,002	100.0%
TOTAL NON-DEPT & CONTINGENCY	28,847,793	10,702,994	18,144,799	62.9%
TOTAL GENERAL FUND	\$146,505,155	\$37,345,381	\$109,159,774	74.5%

(a) Other non-departmental includes technology innovation, property tax administration fees, assessment district administration, citywide litigation expenses, the 2014 Poinsettia fire, and other items not attributed to a specific department.

(b) Total committed includes expenditures and encumbrances.

(c) Amount available would be 71.8% if funds were spent in the same proportion as the previous year.

Water Enterprise

WATER OPERATIONS FUND					
AUGUST 31, 2014					
	BUDGET FY 2014-15	YTD (*) 08/31/2013	YTD (*) 08/31/2014	CHANGE FROM YTD 2013-14 TO YTD 2014-15	PERCENT CHANGE
REVENUES:					
WATER DELIVERY	35,983,920	7,139,005	7,538,035	399,030	5.6%
MISC. SERVICE CHARGES	291,500	59,038	48,925	(10,113)	-17.1%
PROPERTY TAXES	2,874,500	42,710	39,982	(2,728)	-6.4%
FINES, FORFEITURES & PENALTIES	267,500	65,880	58,262	(7,618)	-11.6%
OTHER REVENUES	494,500	95,682	98,348	2,666	2.8%
TOTAL OPERATING REVENUE	39,911,920	7,402,315	7,783,552	381,237	5.2%
EXPENSES:					
STAFFING	3,497,578	447,779	540,951	93,172	20.8%
INTERDEPARTMENTAL SERVICES	2,158,847	330,763	364,007	33,244	10.1%
PURCHASED WATER	18,575,000	3,878,462	3,913,334	34,872	0.9%
MWD/CWA FIXED CHARGES	6,135,000	954,258	996,317	42,059	4.4%
OUTSIDE SERVICES/MAINTENANCE	1,003,433	84,656	37,677	(46,979)	-55.5%
DEPRECIATION/REPLACEMENT	3,615,000	579,167	602,500	23,333	4.0%
CAPITAL OUTLAY	0	0	0	0	0.0%
MISCELLANEOUS EXPENSES	2,164,943	117,702	156,040	38,338	32.6%
TOTAL OPERATING EXPENSES	37,149,801	6,392,787	6,610,826	218,039	3.4%
OPERATING INCOME/(LOSS)	2,762,119	1,009,528	1,172,726	163,198	16.2%

(*) Adjusted to reflect timing differences for water purchases and depreciation.

Revenues



- The increase in water delivery revenues is the result of an average 5 percent increase in water rates charged to our customers (water sales and delivery charges) that went into effect in January 2014, coupled with larger than average sales due to a warmer, drier summer.
- The bi-annual update of the city's cost allocation plan resulted in decreased fees associated with miscellaneous service charges and fines, forfeitures and penalties compared to last year.

Expenses



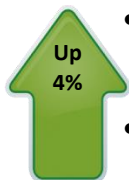
- For Fiscal Year 2013-14, a total of 1.45 full-time positions have been reallocated to the Water Enterprise from other programs to better reflect each programs' workload. In addition, a timing difference in the number of payrolls to date compared to last year at this time added to the variance.
- Significant increases in vehicle replacement/maintenance, information technology, and general liability charges due to updated internal service chargeback calculations is reflected in the higher interdepartmental charges.
- A 2.8 percent decrease in the amount of purchased water from the prior fiscal year coupled with a 4 percent rate increase in the variable cost of water purchased from the San Diego County Water Authority (SCCWA) represents the primary drivers in this variance.
- In addition to the increase in the cost of purchased water, the fixed costs from Metropolitan Water District (MWD) and the SDCWA continue to increase significantly on an annual basis.
- Decreases in miscellaneous professional services for the desalinization pipeline plan review is the primary driver in lower outside services/maintenance.
- An increase in energy costs has led to higher miscellaneous expenses this year.

Wastewater Enterprise

WASTEWATER OPERATIONS FUND AUGUST 31, 2014					
	BUDGET FY 2014-15	YTD (*) 08/31/2013	YTD (*) 08/31/2014	CHANGE FROM YTD 2013-14 TO YTD 2014-15	PERCENT CHANGE
REVENUES:					
CHARGES FOR CURRENT SERVICES	11,735,000	2,137,319	2,228,133	90,814	4.2%
INTEREST	12,000	4,863	6,919	2,056	42.3%
OTHER REVENUES	305,000	65,804	61,658	(4,146)	-6.3%
TOTAL OPERATING REVENUE	12,052,000	2,207,986	2,296,710	88,724	4.0%
EXPENSES:					
STAFFING	2,160,019	267,639	322,656	55,017	20.6%
INTERDEPARTMENTAL SERVICES	1,180,958	185,850	199,135	13,285	7.1%
ENCINA PLANT SERVICES	3,344,781	471,205	557,463	86,258	18.3%
OUTSIDE SERVICES/MAINTENANCE	762,464	42,843	57,862	15,019	35.1%
DEPRECIATION/REPLACEMENT	4,550,000	597,167	758,333	161,166	27.0%
CAPITAL OUTLAY	0	0	0	0	0.0%
MISCELLANEOUS EXPENSES	636,202	46,290	67,982	21,692	46.9%
TOTAL OPERATING EXPENSES	12,634,424	1,610,994	1,963,431	352,437	21.9%
OPERATING INCOME/LOSS	(582,424)	596,992	333,279	(263,713)	-44.2%

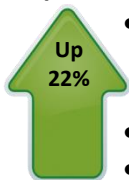
(*) Adjusted to reflect timing differences for Encina quarterly invoices and depreciation.

Revenues



- The increase in charges for current services is primarily the result of an additional 2,075 new residential account fees over the past 12 months, as well as a 2 percent rate increase that went into effect in January 2014.
- Interest revenue is the combination of interest earnings on the cash balance in the fund as well as earnings on the debt service reserve. While cash balances in the fund have increased from last year by 42.5 percent, a 3.4 percent increase in the yield on the Treasurer's portfolio for the year has tempered this year's earnings.
- The decrease in other revenues is the combination of decreases in late charges, engineering labor, and miscellaneous revenues.

Expenses



- For Fiscal Year 2014-15, a total of 0.65 full-time positions have been reallocated from the Wastewater Enterprise to other programs to better reflect each programs' workload. The increase to date is due to a timing difference in the number of payrolls to date compared to last year at this time.
- Increased interdepartmental charges are the result of updated internal service chargeback calculations.
- Encina plant services to date are a combination of actual billings and an estimate of the annual Encina expenses prorated on a monthly basis.
- Large expenses associated with wastewater flow monitoring account for the variance in outside services/maintenance.
- Higher electric costs is the largest factor in the increase in miscellaneous expenses.